United Nations Convention on the Law of the Sea SPLOS/193

Meeting of States Parties

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Report on budgetary matters for the financial period 2007-2008

Presented by the Registrar

I. Performance report for 2007-2008

1. In June 2006, the sixteenth Meeting of States Parties approved a budgetary amount of €17,214,700 for the financial period 2007-2008. With a view to providing the Tribunal with the necessary financial means to consider cases in 2007-2008, in particular those requiring expeditious proceedings, the Meeting also approved an amount of €2,406,000 as case-related costs of the Tribunal. That amount is included in the total appropriation indicated above on the understanding that case-related costs should be used only in the event of cases being submitted to the Tribunal. The Meeting further decided that a floor rate of 0.01 per cent and a ceiling rate of 22 per cent would be used in establishing the rate of assessment for States Parties for the budget of the Tribunal for 2007-2008 (see SPLOS/145).

2. As shown in the performance report for the financial period 2007-2008 (see annex), the total expenditure for that period stands at €14,738,033, representing 85.61 per cent of the amount of appropriations approved for 2007-2008 (€17,214,700). The underperformance can largely be explained by the savings, amounting to €1,850,081, under "Case-related costs". These savings were achieved owing to the fact that two cases, namely, Case No. 14 ("*Hoshinmaru*") and Case No. 15 ("*Tomimaru*"), were submitted simultaneously in July 2007 and were dealt with within a period of one month, in accordance with the relevant provisions of the Rules of the Tribunal (instead of two months had the cases been filed separately). Furthermore, in 2008, no new case was submitted to the Tribunal, which resulted in additional savings under "Case-related costs".

3. Under "Staff costs", savings amounting to €295,165 were made, owing in large part to vacant positions in the Registry during the period in question. Furthermore, savings amounting to €232,696 were also made in the budget section "Judges", principally because five judges were re-elected in June 2008, while, in the budget approved in 2006, provisions had been made for additional pension payments for the seven judges whose terms of office came to an end on 30 September 2008. It should

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be further pointed out that an amount of €50,568 was saved under the budget line "Annual allowances", owing to the resignation of one judge and the death of another during the period in question.

4. It may be noted that, if case-related costs are excluded, the performance rate for other costs would be 95.77 per cent.

II. Report on action taken pursuant to the decisions on budgetary matters taken by the sixteenth, seventeenth and eighteenth Meetings of States Parties

A. Surrender of savings from 2002

5. The sixteenth Meeting of States Parties decided on 23 June 2006 that an amount of €312,684 from the 2002 savings corresponding to the additional appropriations for 2005 would be surrendered and deducted from the assessed contributions of the States parties in accordance with regulation 4.5 of the Financial Regulations of the Tribunal (SPLOS/146).

6. In accordance with the above decision, an amount of €312,684 was surrendered and deducted from the contributions of States parties for 2007 and for earlier financial periods, where applicable.

B. Surrender of savings from 2002 and 2004 and from the supplementary budget for 2005-2006

7. On 26 June 2007, the seventeenth Meeting of States Parties decided (SPLOS/161):

(a) That an amount of €65,816 from the 2002 savings and an amount of €208,670 from the 2004 savings will be surrendered and deducted from the assessed contributions of the States parties for 2008 in accordance with regulation 4.5 of the Financial Regulations of the Tribunal;

(b) That an amount of €351,899, corresponding to the supplementary budget approved by the Meeting of States Parties, will be surrendered and deducted from the assessed contributions of the States parties for 2008 in accordance with regulation 4.5 of the Financial Regulations of the Tribunal.

8. In accordance with the above decisions, an amount of €626,385 was deducted from the contributions of States parties for 2008 and for earlier financial periods where applicable.

C. Surrender of cash surplus from the financial period 2005-2006

9. On 20 June 2008, the eighteenth Meeting of States Parties noted that the cash surplus from the financial period 2005-2006, amounting to €1,232,340, would be surrendered and deducted from the contributions of States parties for 2009, in accordance with financial regulation 4 (SPLOS/180). Accordingly, that amount has been deducted from the contributions of States parties to the 2009 budget of the Tribunal.

D. Overexpenditure in 2007-2008

10. On the basis of the approved budget for the financial period 2007-2008, there was an overrun in the budget line "Special services (external audit)" amounting to €700. That overrun resulted from the interim audit that was conducted in February 2008 in order to certify the amount of the final cash surplus for the period 2005-2006. This overexpenditure was offset by the savings from other budget lines in the same section, "Operating expenditures".

III. Report on action taken pursuant to the Financial Regulations of the Tribunal

A. Investment of the funds of the Tribunal

11. In respect of the investment of funds of the Tribunal, regulation 9 of the Financial Regulations of the Tribunal stipulates the following:

> 9.1 The Registrar may make prudent short-term investments of moneys not needed for immediate requirements and shall inform the Tribunal and the Meeting of States Parties periodically of such investments.
>
> 9.2 Income derived from investments shall be credited to miscellaneous income or as provided in the rules relating to each fund or account.

12. During the financial period 2007-2008, the Tribunal's funds were kept in Chase Bank and Deutsche Bank in United States dollars and euros, respectively, as short-term investments, which are investments made for less than 12 months, according to rule 109.1 of the Financial Rules of the Tribunal. The funds yielded interest which amounted to 5,586.22 United States dollars and €408,757.81 during the period in question. This earned interest has been credited as miscellaneous income in accordance with regulation 9.2 of the Financial Regulations of the Tribunal.

B. The Korea International Cooperation Agency trust fund

13. The Korea International Cooperation Agency (KOICA) offered to provide a grant of 150,000 United States dollars pursuant to a memorandum of understanding signed between the Tribunal and KOICA on 9 March 2004. Its object is to finance the Tribunal's internship programme, in particular the expenses of participants from developing countries.

14. In accordance with regulation 6.5 of the Financial Regulations of the Tribunal, a trust fund was subsequently established and a special euro bank account named "KOICA grant" set up with Deutsche Bank for this purpose. When the funds, amounting to 150,000 United States dollars, were received from KOICA in March 2004, they were converted into €120,600 on the basis of the exchange rate of 0.804 fixed by the United Nations for March 2004.

15. In March 2006, the Tribunal received from KOICA its second contribution to the KOICA trust fund in the amount of 100,000 United States dollars. This amount

was converted into €84,400 on the basis of the exchange rate of 0.844 fixed by the United Nations for March 2006.

16. Following the signing of a memorandum of understanding between the Tribunal and KOICA, contributions in the amount of €342,045 were received during the financial period 2007-2008. An amount of €213,645 was paid to the Tribunal in February 2007 and €128,400 on 5 May 2008 in order to finance the internship programme of the Tribunal, the organization of regional workshops and the participation of students from developing countries in the summer academy organized by the International Foundation for the Law of the Sea (IFLOS).

17. The financial statement of the KOICA grant as at 31 December 2008, which is to be reported to the Meeting of States Parties in accordance with regulation 6.5 of the Financial Regulations of the Tribunal, is as follows:

Grant of the Korea International Cooperation Agency

Financial statement for the period 1 January 2007 to 31 December 2008[a]

(Euros)

Income	
Grants from KOICA	342 045
Interest income	449
Gains and losses on exchange	668
Net income	**343 162**
Expenditures	
Internship programme	66 774
IFLOS Summer Academy	52 628
Workshops	
Dakar[b]	138
Libreville	15 290
Kingston	51 270
Singapore	53 465
Bahrain	28 272
Buenos Aires	59 139
General administrative expenses	7 065
Prior-period adjustment	100
Total expenditures	**334 141**
Excess of income over expenditure	**9 021**
Assets	
Cash and term deposits	70 658
Total assets	**70 658**

Reserves	
Excess of income over expenditure	9 021
Prior period reserve	61 637
Total reserves	**70 658**

[a] See SPLOS/192.

[b] The workshop in Dakar took place from 31 October to 2 November 2006. The costs of the workshop totalled €37,019. Expenditures amounting to €36,881 were charged against the financial period 2005-2006, and the remaining amount of €138 was charged against the financial period 2007-2008.

C. Nippon Foundation trust fund

18. In March 2007, the Tribunal and the Nippon Foundation signed "The Nippon Foundation grant agreement", pursuant to which the Nippon Foundation agreed to contribute an amount of €200,000 to "The Nippon Foundation — The International Tribunal for the Law of the Sea Capacity-Building and Training Programme on Dispute Settlement under the United Nations Convention on the Law of the Sea".

19. In accordance with regulation 6.5 of the Financial Regulations of the Tribunal, a trust fund was subsequently established and a special euro bank account named "Nippon Foundation grant" set up with Deutsche Bank. The purpose of the grant is to finance the expenses of participants from developing countries in the aforementioned programme. During the programme, participants attended lectures on topical issues related to the law of the sea and maritime law and training courses on negotiation and delimitation. They also visited institutions working in the fields of the law of the sea, maritime law and the settlement of disputes (inter alia, the United Nations, the International Maritime Organization, the International Court of Justice and the International Oil Pollution Compensation Funds). Secretarial support required to administer the programme was financed by the Nippon grant. A further amount of €200,000 was paid to the Tribunal on 27 March 2008. The financial statement of the Nippon Foundation grant as at 31 December 2008, which is to be reported to the Meeting of States Parties in accordance with regulation 6.5 of the Financial Regulations of the Tribunal, is as follows:

Grant of the Nippon Foundation

Financial statement for the period 1 January 2007 to 31 December 2008

(Euros)

Income	
Grants from the Nippon Foundation	400 000
Interest income	591
Gains and losses on exchange	-754
Net income	**399 837**
Expenditures	
Participants (subsistence allowance, travel and insurance)	168 596

Lecturers (subsistence allowance and travel)	53 751
General administrative expenses	35 662
Obligations	1 705
Total expenditures	**259 714**
Excess of income over expenditure	**140 123**
Assets	
Cash and term deposits	123 170
Accounts receivables	18 658
Total assets	**141 828**
Obligations current period	-1 705
Net assets	**140 123**

Annex

Performance report for 2007-2008 (in euros)

	Part Section	Objects of expenditure	Approved budget	2007 expenditure (as at 31/12/2007)	2008 disbursement (as at 31/12/2008)	2008 total expenditure (as at 31/12/2008)	Balance	Total expenditure: approved budget (percentage)	
1	A	RECURRENT EXPENDITURE							1
2	1	Judges	4 385 900	2 000 744	2 152 460	4 153 204	232 696		2
3		Annual allowances	2 720 000	1 328 460	1 340 972	2 669 432	50 568	98.14	3
4		Special allowances	719 600	314 868	392 228	707 096	12 504	98.26	4
5		Travel to sessions	256 500	104 354	109 057	213 411	43 089	83.20	5
6		Pension scheme	587 500	228 317	244 692	473 009	114 491	80.51	6
7		Common costs	102 300	24 745	65 511	90 256	12 044	88.23	7
8									8
9	2	Staff costs	6 985 800	3 261 242	3 429 393	6 690 635	295 165		9
10		Established posts	4 524 200	2 182 720	2 258 019	4 440 739	83 461	98.16	10
11		Common staff costs	1 991 900	51 045	958 116	1 809 161	182 739	90.83	11
12		Reimbursement of national taxes	30 000	25 563	0	25 563	4 437	85.21	12
13		Overtime	39 000	18 884	14 102	32 986	6 014	84.58	13
14		Temporary assistance for meetings	210 500	104 472	88 090	192 562	17 938	91.48	14
15		General temporary assistance	121 100	50 891	69 693	120 584	516	99.5	15
16		Training	69 100	27 667	41 373	69 040	60	99.91	16
17	3	Representation allowance	12 800	5 570	5 228	10 798	2 002	84.36	17
18	4	Official travel	177 600	76 104	101 494	177 598	2	100.00	18
19	5	Hospitality	13 500	6 339	6 521	12 860	640	95.26	19
20	6	Operating expenditures	2 654 100	1 212 364	1 347 527	2 559 891	94 209		20
21		Maintenance of premises (including security)	1 953 000	902 964	1 016 066	1 919 030	33 970	98.26	21
22		Rental and maintenance of equipment	346 600	166 311	144 655	310 966	35 634	89.72	22
23		Communications	189 000	77 429	97 785	175 214	13 786	92.71	23
24		Miscellaneous services and charges (including bank charges)	39 300	13 878	13 909	27 787	11 513	70.70	24
25		Supplies and materials	118 700	48 032	70 662	118 694	6	99.99	25

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	Part Section	Objects of expenditure	Approved budget	2007 expenditure (as at 31/12/2007)	2008 disbursement (as at 31/12/2008)	2008 total expenditure (as at 31/12/2008)	Balance	Total expenditure/ approved budget (percentage)	
26		Special services (external audit)	7 500	3 750	4 450	8 200	-700	109.33	26
27	7	Library and related costs	317 000	154 685	161 256	315 941	1 059		27
28		Library: procurement of books and publications	227 400	112 560	114 816	227 376	24	99.99	28
29		External printing and binding	89 600	42 125	46 440	88 565	1 035	98.84	29
30									30
31	B	NON-RECURRENT EXPENDITURE							31
32	8	Furniture and equipment							32
33		Purchase of equipment	150 000	55 860	93 327	149 187	813	99.46	33
34	9	Alteration to premises	112 000	112 000	0	112 000	0	100.00	34
35									35
36	C	CASE-RELATED COSTS	2 406 000	529 342	26 577	535 919			36
37	10	Judges	1 851 700	360 620	26 424	387 044	1 464 656	20.90	37
38		Special allowances	1 488 500	310 278	9 077	319 355	1 169 145	21.45	38
39		Compensation to judges ad hoc	92 100	1 697	3 502	5 199	86 901	5.64	39
40		Travel to meetings, including judges ad hoc	271 100	48 645	13 845	62 490	208 610	23.05	40
41	11	Staff costs	554 300	168 722	153	168 875	385 425	30.47	41
42		Temporary assistance for meetings	509 300	147 163	153	147 316	361 984	28.93	42
43		Overtime	45 000	21 559	0	21 559	23 441	47.91	43
44	12	Miscellaneous	0	0		0	0		44
45									45
46	D	WORKING CAPITAL FUND	0	0		0	0		46
47									47
48		**Total**	**17 217 700**	**7 414 250**	**7 323 783**	**14 738 033**	**2 476 667**	**85.61**	48